

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 EB-08 INR-10 LAB-04 NSAE-00
PA-02 SIL-01 ICA-20 MMO-01 /057 W
-----018455 050550Z /21
R 031040Z JUL 78
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC 9213
USDOC WASHDC

UNCLAS TEHRAN 6358

EO 11652: N/A
TAGS: ECON, ETRD, IR
SUBJ: FUTURE OF U.S. TRADE CENTER TEHRAN

REF: (A) STATE 136972 (B) TEHRAN 3754

1. POST HAS CAREFULLY CONSIDERED CRITERIA GIVEN IN REFTEL
(A) NOW BEING USED BY USDOC IN ITS REVIEW OF U.S. TRADE
CENTERS. EMBASSY OFFERS FOLLOWING COMMENTS ON THESE CRITERIA.

2. MARKET SIZE AND POTENTIAL OF REGION SERVED BY CENTER PLUS
U.S. SALES AND MARKET SHARE-IRANIAN MARKET IS LARGER IN
SIZE AND POTENTIAL THAN THAT SERVED BY MANY OTHER TRADE
CENTERS. IRAN'S NON-MILITARY IMPORTS WERE DOLS12.9 BILLION IN
1976 AND SHOULD REACH DOLS15.3 BILLION IN 1978.

3. U.S. EXPORTS (EXCLUSIVE OF FMS) IN 1977 WERE VALUED AT
DOLS2.7 BILLION AND SO FAR IN 1978 ARE RUNNING AT AN ANNUAL
RATE OF DOLS3.6 BILLION. MARKET SHARE DATA APPEARS TO HAVE
LITTLE CORRELATION WITH TRADE CENTER LOCATIONS. THE WORLD
MARKET REPORT PUBLISHED IN MAY 8, 1978 ISSUE OF COMMERCE
AMERICA SHOWED THAT WITH THE EXCEPTION OF JAPAN, THE TOP
FIVE MARKETS FOR U.S. GOODS AND SERVICES, WHERE TRADE
CENTERS WERE LOCATED-JAPAN, GERMANY, UNITED KINGDOM,
FRANCE AND ITALY-WERE ALL NEAR THE BOTTOM OF THE U.S.
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MARKET SHARE LIST. WITH SWEDEN, ANOTHER TRADE CENTER
LOCATION, THESE FIVE EUROPEAN COUNTRIES ARE THE BOTTOM
FIVE COUNTRIES ON THE LIST. THE SAME REPORT SHOWED THAT
THE U.S. SHARE OF THE IRANIAN MARKET IN 1976 (16.5PERCENT) TO
BE GREATER THAN OUR SHARE IN ANY OF THE EUROPEAN MARKETS.

4. PAST PERFORMANCE OF CENTER AND OUTLOOK FOR FUTURE

INCLUDING UTILIZATION OF SMALL, MEDIUM SIZE, AND NEW TO MARKET FIRMS, PERFORMANCE AND COST DATA.--DURING THE PERIOD COVERING CY 1976, 1977 AND THROUGH MAY 1978, OUR COMPOSITE FIGURES INCLUDE THE FOLLOWING FOR ALL THIRTEEN MAJOR EXHIBITIONS (BSP'S EXCLUDED):

- A) AVERAGE NO. PARTICIPANTS PER SHOW 19
- B) TOTAL IMMEDIATE SALES: DOLS13.50 MILLION
- C) 12 MONTH PROJECTION TOTAL: DOLS261.0 MILLION
- D) AGENTS SIGNED: 178
- E) TOTAL REGISTERED VISITORS: 6633
- F) IMMEDIATE SALES PER SHOW: DOLS1.04 MILLION
- G) AVERAGE IMMEDIATE SALES PER PARTICIPANT: 54 THOUSAND DOLS
- H) 12 MONTH PROJECTION PER SHOW: DOLS20.07 MILLION
- I) AVERAGE VISITORS PER SHOW: 510
- J) PERCENTAGE OF PARTICIPANTS FULLY ACHIEVING THEIR FIRST OBJECTIVE: 94.0
- K) TOTAL SALES LEADS: 5908
- L) SALES LEADS PER SHOW: 454
- M) TOTAL NEW TO MARKET PARTICIPANTS: 221
- N) PERCENTAGE OF NEW TO MARKET PARTICIPANTS: 89
- O) TOTAL OLD TO MARKET PARTICIPANTS: 28
- P) PERCENTAGE OF OLD TO MARKET PARTICIPANTS: 11

5. POST IS AWARE THAT SIGNED SALES FIGURES REPORTED AT CLOSE OF EXHIBITION OFTEN DO NOT CORRESPOND WITH ONE YEAR FOLLOW UP DONE BY USDOC AND AGREES THAT COMPARISON UNCLASSIFIED

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AMONG ALL TRADE CENTER RESULTS SHOULD BE ON THE BASIS OF USDOC'S CONFIRMED FIGURES.

6. THE TEHRAN TRADE CENTER BUDGET RANKED NEXT TO THE BOTTOM IN FY 1975 AND 1976, AND FOURTH FROM THE BOTTOM IN FY 1977. THE LAST FIGURE REPRESENTS CONCURRENCE FROM USDOC THAT OUR ABOVE-MEDIAN PERFORMANCE APPEARED TO HAVE LITTLE CORRELATION WITH OUR LIMITED RESOURCES.

7. UTILIZATION OF TC BETWEEN EXHIBITIONS, FOLLOWING USDOC PROCEDURES, HAS BEEN A MATTER OF CONCERN TO POST AS WELL AS TO USDOC. AS FULLY REPORTED ELSEWHERE, LOGISTICS AND SIZE PROBLEMS OF PRESENT FACILITY PRECLUDE ANY DRAMATIC IMPROVEMENT IN THIS AREA UNLESS TC IS RELOCATED. EMPHASIS ON NEW-TO-EXPORT AND NEW-TO-MARKET PARTICIPANTS APPEAR CONTRADICTORY, HOWEVER, TO MAJOR EXPANSION OF BSP'S WHICH TEND TO BE OLD-TO-MARKET.

8. SUITABILITY OF PERMANENT EXHIBITION FACILITY VS. ALTERNATIVE MEANS TO MAINTAIN U.S. TRADE PROMOTION PRESENCE IN MARKET AT LESS RESOURCE COST.

--ALTERNATIVE PROMOTION VEHICLES VOERED IN REF .B.

9. POST BELEIVES TEHRAN TRADE CENTER VALUABLE TRADE
PROMOTION TOOL WHICH RANKS ABOVE MEDIAN IN TRADE CENTER
RANKINGS BUT WOULD WELCOME OPPORTUNITY TO REVIEW AND
COMMENT UPON ANY EVIDENCE TO CONTRARY.
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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, TRADE CENTERS
Control Number: n/a
Copy: SINGLE
Draft Date: 03 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TEHRAN06358
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780275-0548
Format: TEL
From: TEHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780798/aaaadeuo.tel
Line Count: 123
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ddc17c7b-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 STATE 136972, 78 TEHRAN 3754
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2123433
Secure: OPEN
Status: NATIVE
Subject: FUTURE OF U.S. TRADE CENTER TEHRAN
TAGS: ECON, ETRD, IR
To: STATE COM
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/ddc17c7b-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014